

AMENDED IN ASSEMBLY AUGUST 7, 2006

AMENDED IN ASSEMBLY JUNE 19, 2006

AMENDED IN SENATE MAY 26, 2006

AMENDED IN SENATE MAY 3, 2006

AMENDED IN SENATE APRIL 17, 2006

AMENDED IN SENATE MARCH 28, 2006

SENATE BILL

No. 1329

Introduced by Senator Alquist

February 17, 2006

An act to add and repeal Chapter 19 (commencing with Section 50899) of Part 2 of Division 31 of the Health and Safety Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

SB 1329, as amended, Alquist. Community development: healthy food choices.

Existing law charges the Department of Housing and Community Development with the administration of various programs that facilitate community development, including the Community Development Block Grant Program.

This bill would require the Department of Food and Agriculture, until January 1, 2010, in partnership with the State Department of Health Services, and to the extent funds are appropriated, to establish the “Healthy Food ~~Retailing Initiative~~” *Retail Innovations Fund*” to provide residents of underserved communities with retail food markets that would offer ~~healthy, high quality, and affordable food fruit,~~

vegetables, and other healthy foods and encourage retail innovation. The bill would require the department to provide loans on a competitive basis for land acquisition, construction, rehabilitation, onsite improvement, and offsite improvement fundamental to the development of the project. The bill would also require the department to provide grants on a competitive basis for business plan development, feasibility studies, *refrigeration units*, outside technical assistance, ~~equipment~~, and other startup costs. *It would also require the department to report to the Legislature annually, as specified, on projects funded through this program.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 19 (commencing with Section 50899)
2 is added to Part 2 of Division 31 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 19. ACCESS TO HEALTHY, ~~AFFORDABLE FOOD~~
6 ~~CHOICES~~ FOOD ACT

7
8 50899. This chapter shall be known and may be cited as the
9 Access to Healthy, ~~Affordable Food~~ ~~Choices~~ Food Act.

10 50899.1. The Legislature hereby finds and declares all of the
11 following:

12 (a) Increasing access to retail food markets is an important
13 strategy for improving the nutritional health and economic
14 vitality of low-income communities *by ensuring an accessible*
15 *supply of healthy food.*

16 (b) Community food assessments conducted in California have
17 demonstrated that residents of low-income communities often
18 have inadequate access to high quality, ~~affordable~~ *fruits,*
19 *vegetables, and other healthy food.*

20 (c) California has the second highest rate of overweight and
21 low-income children in the nation.

22 (d) According to the Centers for Disease Control and
23 Prevention, over 20 percent of California adults are overweight
24 compared to 1991 when less than 10 percent of California adults
25 were overweight.

(e) The growing epidemic of overweight individuals is due to poor diet and physical inactivity, putting growing numbers of Californians at risk for type 2 diabetes, hypertension, heart disease, and cancer.

(f) Diseases related to poor nutrition and physical inactivity are the second leading cause of preventable deaths in the United States. These diseases account for 28 percent of preventable deaths each year, which is more than AIDS, violence, car crashes, alcohol, and drugs combined.

(g) Obesity costs California an estimated \$21.7 billion a year in medical costs and lost productivity. Medical care costs associated with obesity are greater than those associated with both smoking and problem drinking.

(h) While individuals make choices about what they eat, these choices are affected by the availability of food in their environment. *Sales of fruit and vegetables can be increased by improving community access to retail grocery stores, helping corner stores and other small stores sell fruit and vegetables, starting and sustaining farmers' markets, and other innovative means to improve community access to places for purchasing fruit, vegetables, and other healthy foods. Studies have shown that access to healthy food increases fruit and vegetable consumption.*

(i) Retail grocery stores are important economic anchors in communities, generating jobs, recycling money back into the local economy, and creating opportunities for other small and large businesses.

(j) Improving the availability, quality, and prices of food in existing small stores can improve local economic development by building upon existing community resources, and strengthening relationships between local merchants and residents.

(k) Farmers' markets can help support farmers and serve as small business incubators where local residents can sell products such as baked goods or nonfood items.

50899.2. For purposes of this chapter, the following definitions apply:

(a) "Department" means the Department of Food and Agriculture.

(b) “Retail food market” means a for-profit or not-for-profit retailer that will increase access to ~~healthy, high quality, and affordable~~ *high quality fruit, vegetables, and other healthy food*.

(c) “Underserved community” means a community in which existing retail food markets are inadequate to serve the healthy food needs of residents and that meets one of the following criteria:

(1) In metropolitan statistical areas, the median family income is less than 80 percent of the area median family income.

(2) In nonmetropolitan statistical areas, the median family income is less than 80 percent of the statewide median family income.

(3) Is adjacent to a census tract that meets the income criteria described in paragraph (1) or (2).

50899.3. (a) To the extent funds are available, the department shall establish, in partnership with the State Department of Health Services, the “Healthy Food ~~Retailing Initiative~~ *Retail Innovations Fund*” for the purpose of providing residents of underserved communities with retail food markets that will offer ~~healthy, high quality, and affordable food~~ *high quality fruit and vegetables*. Eligible projects include, but are not limited to, projects to ~~develop~~ *encourage development of* or revitalize retail grocery stores or farmers’ markets, to improve or increase healthy food options ~~stocked available~~ at existing corner stores or small markets, or other *retail market or fruit and vegetable distribution* innovations that meet the intent of this section. A restaurant is not an eligible project for purposes of this section. ~~The department shall provide loans on a competitive basis for land acquisition, construction, rehabilitation, onsite improvements, or offsite improvements that are fundamental to the development of the project.~~ The department shall also provide competitive grants for business plan development, feasibility studies, *refrigeration units*, outside technical assistance, and other startup costs. ~~Neither grants nor loans shall~~ *Grants shall not* be used to pay operating costs. Feasibility studies shall be eligible for funding only if there is evidence that the study will gather important new information and is likely to result in a retail food market *or fruit and vegetable innovation* project. To the extent possible, the ~~departments~~ *department* shall provide technical assistance to grant ~~or loan~~ recipients.

(b) An applicant for the ~~initiative~~ *grants* may be a for-profit business enterprise, including, but not limited to, a corporation, limited liability company, sole proprietor, cooperative, or partnership; a nonprofit organization; or governmental entity.

(c) To be eligible for a grant ~~or loan~~ under this chapter, an applicant shall serve an underserved community in which the proposed retail food ~~or fruit and vegetable innovation~~ market project will improve, increase, or preserve retail access to ~~healthy, high quality, affordable~~ *high quality fruit, vegetables, and other healthy* food for low-income residents of the community. Applicants shall demonstrate that the community supports the proposed project, that the project will have a positive economic impact on the surrounding community, that the project is likely to be successful and economically self-sustaining, and any other criteria as the department may determine and that are consistent with the purposes of this chapter.

(d) The department shall rate and rank applicants by the following priority-ordered criteria:

(1) The income level of the community and the degree to which the community is underserved by retail food markets.

(2) The degree to which the project will improve, increase, or preserve retail access to ~~healthy, high quality, affordable~~ *high quality fruit, vegetables, and other healthy* food for the low-income residents of the underserved community.

(3) The capacity of the applicant to successfully complete the project and the likelihood that the project will be economically self-sustaining.

(4) *The degree to which the underserved community supports the project. This may be demonstrated through letters of support from local community-based organizations, faith-based organizations, civic organizations, or local community members.*

~~(4)~~

(5) The degree to which the project will have a positive economic impact on the underserved community. Applicants who demonstrate a commitment to strong local hiring practices shall receive additional consideration.

~~(5)~~

(6) Other criteria the department may determine and that are consistent with the purposes of this chapter.

1 ~~(e) Loan agreements shall include a provision requiring that~~
2 ~~the~~ *The funded* retail food market *should* primarily sell groceries,
3 produce, meat, baked goods, and dairy products to the widest
4 possible group of consumers ~~for the term of the loan~~. The
5 department shall establish alternate requirements applicable to
6 farmers' markets and to ~~grant recipients~~ *other grant recipients*
7 *that primarily sell produce.*

8 ~~(f) Loans and grants made pursuant to this section shall be~~
9 ~~subject to the same interest rates, terms, conditions, and~~
10 ~~maximum loan or grant amounts that are applicable to the State~~
11 ~~Community Development Block Grant Program administered by~~
12 ~~the department.~~

13 ~~(g)~~

14 ~~(f)~~ It is the Legislature's intent that funds described in this
15 section be used to leverage other funding including, but not
16 limited to, workforce development funds, New Markets Tax
17 Credits, incentives available to enterprise zones, and funding
18 from financial institutions under the federal Community
19 Reinvestment Act (12 U.S.C. Sec. 2901).

20 ~~(h)~~

21 ~~(g)~~ The department shall report to the Legislature annually on
22 any projects funded through this ~~initiative~~ *program by describing*
23 *outcome data, including fruit and vegetable sales data, and*
24 *describing the most promising healthy food retailing innovations.*
25 The department may fulfill this requirement by including this
26 information in any other annual report that the department
27 provides to the Legislature.

28 50899.4. The department shall implement this chapter only to
29 the extent that funds are appropriated for that purpose.

30 50899.5. This chapter shall remain in effect only until
31 January 1, 2010, and as of that date is repealed, unless a later
32 enacted statute, that is enacted before January 1, 2010, deletes or
33 extends that date.